

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3149
ANSWERED ON:06.09.2007
PRODUCTION IN NPPC
Khan Shri Sunil

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether the Nagaland Pulp and Paper Company Limited (NPPC) has started its production;
- (b) if so, the details thereof;
- (c) if not, the time by which NPPC is likely to start its production; and
- (d) the other steps taken/proposed to be taken by the Government to make NPPC more profitable and productive?

Answer

MINISTER OF STATE IN THE MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SMT. KANTI SINGH)

(a): No.

(b): Does not arise.

(c) As per the Rehabilitation Scheme sanctioned by the Board of Industrial & Financial Reconstruction (BIFR) vide Order dated 27.06.2007, the production is scheduled to commence after 27 months from the date of approval.

(d): The Government of India has agreed to the following reliefs and concessions sought by the Company based on the cut off date of 31.08.2006:

(1) Cash infusion of Rs.552.44 crore through

(i) Government Equity of Rs.261.26 crore out of which Rs.10 crore will be contributed by Hindustan Paper Corporation (HPC);

(ii) Term loan of Rs.252.99 crore to be availed from Commercial Banks/Financial Institutions by NPPC with Gol guarantee; and

(iii) 5% Non-cumulative Redeemable Preference Shares of Rs.38.19 crore.

(2) Reduction of existing paid-up capital from Rs.120.20 crore to Rs.12.02 crore by way of reduction of the face value of the existing equity share from Rs.1000/- per share to Rs.100/- per share, and setting off the capital reduction fund of Rs.108.18 crore against the Profit and Loss Debit, i.e., against a part of the accumulated losses of Rs.249.83 crore.

(3) Write off of the existing loan of Rs.29.87 crore as present in the loan fund and interest of Rs.52.62 crore accrued on the above loan.

(4) Write off of dues payable by NPPC to HPC amounting to Rs.44.49 crore against HPC's loan and interest dues to Gol.

In addition, NPC will also be eligible for various fiscal reliefs and concessions under North East Industrial and Investment Promotion Policy (NEIIPP) announced on 01.04.2007.